

**APPENDIX 29**

**SALES AND USE EXEMPTIONS**

**APPENDIX 29****SALES AND USE EXEMPTIONS**

<b>State</b>	<b>Available Sales and Use Tax Exemptions<sup>1</sup></b>	<b>Equipment Deployed in 2021?</b>	<b>2021 Exemptions Obtained or Utilized</b>	<b>Equipment Deployed in 2022 (Pre-Petition Date)?</b>	<b>2022 Exemptions Obtained or Utilized (Pre-Petition Date)</b>
<b>Kentucky</b>	Sales tax refunds may be available for tangible personal property used to construct, retrofit, or upgrade an eligible project, including commercial cryptocurrency mining equipment. <sup>2</sup>	<b>Yes</b>	<b>None</b>  Celsius Mining paid sales tax on the purchase of equipment. <sup>3</sup>	<b>No</b>	<b>None</b>
<b>North Carolina</b>	Datacenter support equipment to be located and used at a qualifying datacenter may be exempt from sales and use tax. <sup>4</sup>	<b>Yes</b>	<b>None</b>  Celsius Mining relied on a statutory sales and use tax	<b>No</b>	<b>None</b>

<sup>1</sup> This column includes a brief summary of state-level sales and use tax exemptions that are potentially applicable to Celsius's activities and is not intended to be an exhaustive list of all potentially applicable tax exemptions or the requirements thereunder. Applicability of a particular exemption is subject to a number of factors including, but not limited to, taxpayers meeting the requisite investment thresholds, purchased equipment falling under the scope of the relevant defined terms (such as, for example, "datacenter support equipment") and whether the relevant jurisdiction considers virtual currency "tangible personal property" or mining activities as "manufacturing."

<sup>2</sup> Ky. Rev. Stat. Ann. §154.27-020 (West).

<sup>3</sup> Examiner Meeting with Jeff Morgan (U.S. Senior Tax Manager – Celsius), Lior Koren (Vice President – Finance and Tax – Celsius), and Nancy Flagg (Managing Director – Ernst & Young) (October 13, 2022).

<sup>4</sup> N.C. Gen. Stat. §105-164.13(55a).

**APPENDIX 29****SALES AND USE EXEMPTIONS**

<b>State</b>	<b>Available Sales and Use Tax Exemptions<sup>1</sup></b>	<b>Equipment Deployed in 2021?</b>	<b>2021 Exemptions Obtained or Utilized</b>	<b>Equipment Deployed in 2022 (Pre-Petition Date)?</b>	<b>2022 Exemptions Obtained or Utilized (Pre-Petition Date)</b>
	Sales to a manufacturer of tangible personal property that enters into or becomes an ingredient or component part of tangible personal property that is manufactured may be exempt from sales and use tax. <sup>5</sup>		exemption that was brought to its attention by its equipment vendor. <sup>6</sup> Accordingly, the vendor did not charge sales tax, and Celsius Mining did not pay sales or use tax. <sup>7</sup> Mr. Morgan was unable to identify the specific exemption relied on when questioned. <sup>8</sup>		
<b>North Dakota</b>	Enterprise information technology equipment	<b>Yes</b>	<b>Enterprise Information</b>	<b>No</b>	<b>None</b>

<sup>5</sup> N.C. Gen. Stat. §105-164.13(8).<sup>6</sup> Examiner Meeting with Jeff Morgan (U.S. Senior Tax Manager – Celsius), Lior Koren (Vice President – Finance and Tax – Celsius), and Nancy Flagg (Managing Director – Ernst & Young) (October 13, 2022).<sup>7</sup> *Id.*<sup>8</sup> Examiner Interview of Jeff Morgan (U.S. Senior Tax Manager – Celsius, November 8, 2022).

**APPENDIX 29****SALES AND USE EXEMPTIONS**

<b>State</b>	<b>Available Sales and Use Tax Exemptions<sup>1</sup></b>	<b>Equipment Deployed in 2021?</b>	<b>2021 Exemptions Obtained or Utilized</b>	<b>Equipment Deployed in 2022 (Pre-Petition Date)?</b>	<b>2022 Exemptions Obtained or Utilized (Pre-Petition Date)</b>
	<p>and computer software purchased for use by a qualifying business in a qualified data center and purchases of upgraded or replacement equipment of the same type may be exempt from sales and use tax.<sup>9</sup></p> <p>Gross receipts from sales of certain machinery or equipment used directly in manufacturing of tangible personal property for wholesale, retail or lease may be exempt from sales and use tax. Sales of certain computer and</p>		<p><b>Technology Equipment and Computer Software Exemption</b></p> <p>Celsius Mining's equipment vendor provided Celsius Mining with a letter from the State of North Dakota approving the vendor's application for a sales and use tax exemption for the Data Processing Center located at 5601 11th Ave Grand Forks, North Dakota.<sup>11</sup></p>		

<sup>9</sup> N.D. Cent. Code §57-39.2-04.17.

<sup>11</sup> Letter from North Dakota State Tax Commissioner's Office to Celsius vendor re: Approval – Qualified Data Center Sales and Use Tax Exemption for Purchases of Enterprise Information Technology Equipment and Computer Software (November 3, 2021).

**APPENDIX 29****SALES AND USE EXEMPTIONS**

<b>State</b>	<b>Available Sales and Use Tax Exemptions<sup>1</sup></b>	<b>Equipment Deployed in 2021?</b>	<b>2021 Exemptions Obtained or Utilized</b>	<b>Equipment Deployed in 2022 (Pre-Petition Date)?</b>	<b>2022 Exemptions Obtained or Utilized (Pre-Petition Date)</b>
	telecommunications equipment that is an integral part of a new primary sector business or a physical or economic expansion of a primary sector business may also be exempt from sales and use tax. <sup>10</sup>		Based on this exemption certificate, the vendor did not charge sales tax, and, accordingly, Celsius Mining did not pay sales or use tax. <sup>12</sup>		
<b>Georgia</b>	Certain high-technology data center equipment to be incorporated or used in a high-technology data center may be exempt from sales and use taxes. <sup>13</sup> Such exemption also applies to the sale or lease of computer equipment to be	<b>Yes</b>	<b>Certificates of Exemption</b>  Celsius Mining obtained two exemption certificates for computer equipment for a high technology company for	<b>Yes</b>	<b>Certificates of Exemption</b>  Celsius Mining obtained six exemption certificates for computer equipment for a high technology company for

<sup>10</sup> N.D. Cent. Code §57-39.2-04.3.<sup>12</sup> Examiner Meeting with Jeff Morgan (U.S. Senior Tax Manager – Celsius), Lior Koren (Vice President – Finance and Tax – Celsius), and Nancy Flagg (Managing Director – Ernst & Young) (October 13, 2022).<sup>13</sup> Ga. Code Ann. §48-8-3(68).

**APPENDIX 29****SALES AND USE EXEMPTIONS**

<b>State</b>	<b>Available Sales and Use Tax Exemptions<sup>1</sup></b>	<b>Equipment Deployed in 2021?</b>	<b>2021 Exemptions Obtained or Utilized</b>	<b>Equipment Deployed in 2022 (Pre-Petition Date)?</b>	<b>2022 Exemptions Obtained or Utilized (Pre-Petition Date)</b>
	incorporated into a facility or facilities to certain high-technology companies. <sup>14</sup>		calendar year 2021 in certain specified locations. <sup>15</sup>		calendar year 2022 in certain specified locations. <sup>16</sup>
<b>Texas</b>	Purchase of certain computer equipment from state sales tax if necessary and essential to the operation of a qualifying datacenter, when purchased by a qualifying owner,	<b>Yes</b>	<b>None</b>  Celsius Mining paid sales tax on the purchase of equipment. <sup>19</sup>	<b>No</b>  Note that mining rigs were deployed in Texas post-	<b>None</b>

<sup>14</sup> *Id.*<sup>15</sup> Certificate of Exemption (206 Boring Drive, Dalton, GA 30721, April 27, 2021); Certificate of Exemption (2205 Industrial South Road, Dalton, GA, 30721, April 27, 2021).<sup>16</sup> Certificate of Exemption (2205 Industrial South Road, Dalton, GA 30721, September 1, 2022); Certificate of Exemption (2131 Old W. Point Rd., West Point, GA 31833, September 1, 2022); Certificate of Exemption (206 Boring Drive, Dalton, GA 30721, September 1, 2022); Certificate of Exemption (1133 Culpepper Drive, Conyers, GA 30094, September 1, 2022); Certificate of Exemption (698 Brantley Blvd., Dalton, GA 31535, September 1, 2022) (application was filed for 698 Brantley Blvd., Douglas, GA 31535); and Certificate of Exemption (2015 George Lyons Parkway, Sandersville, GA 31082, September 1, 2022).<sup>19</sup> Examiner Meeting with Jeff Morgan (U.S. Senior Tax Manager – Celsius), Lior Koren (Vice President – Finance and Tax – Celsius), and Nancy Flagg (Managing Director – Ernst & Young) (October 13, 2022).

**APPENDIX 29****SALES AND USE EXEMPTIONS**

<b>State</b>	<b>Available Sales and Use Tax Exemptions<sup>1</sup></b>	<b>Equipment Deployed in 2021?</b>	<b>2021 Exemptions Obtained or Utilized</b>	<b>Equipment Deployed in 2022 (Pre-Petition Date)?</b>	<b>2022 Exemptions Obtained or Utilized (Pre-Petition Date)</b>
	operator or occupant of such datacenter. <sup>17</sup>  Certain tangible personal property sold, leased or rented to, or stored, used or consumed by a manufacturer may be exempt from sales and use tax. <sup>18</sup>			Petition Date. <sup>20</sup>	
<b>Pennsylvania</b>	The sale and use of computer data center equipment purchased for installation in a certified computer data center, if purchased by a certified owner or operator of a computer data center or a qualified tenant of a	<b>No</b>	<b>None</b>	<b>Yes</b>	<b>None</b>  Celsius Mining is in the process of seeking a voluntary disclosure agreement with the Pennsylvania Department of

<sup>17</sup> Tx. Tax Code §151.359.<sup>18</sup> Tx. Tax Code §151.318.<sup>20</sup> Email from Jeff Morgan to Lior Koren, Patrick Holert, et al. (August 18, 2022).

**APPENDIX 29****SALES AND USE EXEMPTIONS**

<b>State</b>	<b>Available Sales and Use Tax Exemptions<sup>1</sup></b>	<b>Equipment Deployed in 2021?</b>	<b>2021 Exemptions Obtained or Utilized</b>	<b>Equipment Deployed in 2022 (Pre-Petition Date)?</b>	<b>2022 Exemptions Obtained or Utilized (Pre-Petition Date)</b>
	<p>certified data center may be exempt from sales and use tax.<sup>21</sup></p> <p>Purchase or use of tangible personal property or services performed thereon by a person engaged in the business of manufacturing or processing may be exempt from sales and use tax if the property is predominately used directly by such person in manufacturing or processing operations.<sup>22</sup></p>				Revenue to disclose their unpaid use tax obligations and exploring the applicability of sales and use tax exemptions. <sup>23</sup>

---

<sup>21</sup> 72 Pa. Code §9931-D.

<sup>22</sup> 61 Pa. Code §32.32.

<sup>23</sup> Examiner Interview of Jeff Morgan (U.S. Senior Tax Manager – Celsius, November 8, 2022).